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LIAT Executives Believe New Plan Will Save Airline

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LIAT

BRIDGETOWN, Barbados, CMC –A new strategic plan aimed at turning around the fortunes of the cash-strapped regional airline, LIAT, is being developed, St. Vincent and the Grenadines Prime Minister Dr. Ralph Gonsalves has announced.

Gonsalves, speaking to reporters at the Caribbean Community (CARICOM) Inter-sessional summit here, said that he was confident that the plan being developed by the new board of management, led by former Barbados prime minister Owen Arthur, would turn around the fortunes of the Antigua-based regional airline.

LIAT's major shareholder governments are Antigua and Barbuda, Barbados, Dominica, and Grenada and Gonsalves said that had the strategic plan had "many elements.

“They are seeking to prioritize these various elements and to look at them,” said Gonsalves, who opted not to give further details on what was initially discussed at the board level.

Earlier, host Prime Minister and CARICOM chairman, Mia Mottley told regional leaders that the niggling issue of regional transportation needed to be resolved even as she acknowledged that it would be a work in progress.

“While all of the members of the conference of heads are not shareholders in LIAT it is necessary for me to report that LIAT now has a new board with a new mandate to be able to ensure that regional affordable transportation is made available to Caribbean people,” said Mottley.

But she said “to run a country without transport is to condemn that country. Similarly to run a community without affordable transport is to condemn that community”.

Gonsalves, who has lead responsibility for transportation within the quasi-CARICOM cabinet said that the new LIAT chairman is expected to discuss likely changes with the regional leaders to outline the specifics for LIAT’s strategic plan and then each country would have time to have their own discussions.

He said while a lot has been said on the taxes imposed by regional governments on regional travel, the challenge the leaders had to contend with was how best to fund the operations of their airport while finding the right balance.

“You are using the airports and you want better airports. Somebody has to pay for them. Should the taxes of the ordinary man walking the streets of Bridgetown who doesn’t travel pay for it or you and I who use the airport? It is not an easy question.

“As always, with these matters we have to try and do a balance. Clearly it is too expensive to travel in the region and part of it has to do with taxes. Some countries have taxes as high as US\$97 per person. St Vincent and the Grenadines which is on the lower end we are US\$40.”

Gonsalves said St. Vincent and the Grenadines was currently in the process of doing an analysis to determine if it could give a rebate to individuals who have to do trade within the region and therefore travel frequently.

He said that this was something other CARICOM leaders could consider and later expand the categories of those who would qualify.

“The question we are looking at is whether on a monthly basis we can’t give them rebate. They pay the taxes but on a monthly basis give them the rebate of the taxes which they pay – the registered traders. So that is one way in which you can help some people who are using the planes frequently to do trade.

“Maybe if you begin with that you can give exemptions or rebates to some other groups, maybe journalists who are travelling frequently. So we have to look for ways to try and find a good balance. In an ideal world you could get rid of all the taxes but often in these countries if you remove the eye tax, you have to put a nose tax or a mouth tax,” he added.

Gonsalves also expressed his continued disappointment at some regional countries that continue to benefit from the services of LIAT without making a contribution to the sustainability of the airline, which employs over 600 people and operates 491 flights weekly across 15 destinations.

Gonsalves said that while he is confident that Arthur would be influential, for some governments “you will need more than a former prime minister with great prestige. You are going to need the Holy Father.”

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